

5/31/2012

BEGROTING 2013 /14 2013/14 TO 2015/16 MEDIUM TERMYN INKOMSTE EN UITGAWE VOORUITSKATTINGS

KAROO HOOGLAND MUNISIPALITEIT

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ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	KHM Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National Electricity Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kℓ	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises

AFDELING 1 – JAARLIKSE BEGROTING

1.1 BURGEMEESTERSVERSLAG

Raadslede, Amptenare, Dames en Here

Die opstel van hierdie begroting is gedoen met die plaaslike verkiesing in die verlede, maar ook te midde van 'n moeilike ekonomiese omgewing. Daar is dus groot druk om meer dienste aan die publiek te gee, maar ook om dit so bekostigbaar as moontlik te maak.



Ek wil elkeen verseker dat in die begroting 'n resultaat van baie ure se sorgvuldige oorweging, toegepaste kennis, versigtige beplanning maar veral ook baie harde werk was. Soos in die verlede is die begroting die resultaat van die gekombineerde vaardighede van Die Raad en Amptenare met die uitsluitende doel om binne die finansiële raamwerk te pas.

"Whenever I find the key to success, someone changes the lock."

Die ekonomiese agtergrond waarteen die begroting opgestel is, om die minste te sê, uiters onseker. Daar is duidelike tekens dat die ekonomie geweldig agteruitgegaan het sedert die vorige begroting en oral oor is besighede aan die kwyn met die gevolg dat werksgeleenthede drasties afgeneem het.

Raadslede, ek moet egter u aandag daarop vestig dat bekostigbaarheid steeds die deurslaggewende faktor is wanneer projekte aanvaar of agterweë gelaat word.

Die werklike behoeftes van die gemeenskappe is egter andermaal met empatie, toewyding en omsigtigheid benader, want dames en here, hierdie Raad gee werklik om. Desnieteenstaande, bly groot agterstande in wyd uiteenlopende behoeftes, weens 'n gebrek aan die nodige finansies, steeds die realiteit en vir ons 'n enorme knelpunt sowel as voortdurende uitdaging.

"He who restrains his appetite avoids debt - Chinese Proverb"



1.2 RAADSBSLUIT

1. Die Raad het in terme van Afd. 24 Van die *Municipal Finance Management Act, (Act 56 of 2003)* die volgende besluite goedgekeur en aanvaar:

1.1. Die jaarlikse begroting van die Munisipaliteit vir die finansiële jaar 2013 /14 en die veelvuldige jaar en enkel jaar kapitaalaanwendings soos in die volgende tabelle vervat:

- 1.1.1. Begrote Finansiële Prestasie (Inkomste en Uitgawe – Standaard klassifikasie) in Tabel 18 bl 24;
- 1.1.2. Begrote Finansiële Prestasie (Inkomste en Uitgawe – Munisipale postering) in Tabel 19 bl. 26;
- 1.1.3. Begrote Finansiële Prestasie (Inkomste per bron en uitgawe per soort) in Tabel 21 bl. 28; en
- 1.1.4. Veelvuldige jaar en enkel jaar kapitaal aanwendings in Tabel 22 bl. 30.

1.2. Die finansiële posisie, kontantvloei begroting, kontant gebaseerde oorskot, batebestuur en basiese diens mikpunte soos uiteengesit in die volgende tabelle:

- 1.2.1. Begrote Finansiële Posisie in Tabel 23 op bl 32;
- 1.2.2. Begrote Kontantvloei in Tabel 24 op bl. 34;
- 1.2.3. Kontant gebaseerde oorskot in Tabel 25 op bl. 34;
- 1.2.4. Batebestuur in Tabel 26 op bl 36; en
- 1.2.5. Basiese diensmikpunte in Tabel 27 op bl 38.

2. Dat in terme van Afd. 75A van die Local Government: Municipal Systems Act (Act 32 of 2000) goedkeur en aanvaar met ingang van 1 Julie die volgende eiendomsbelastingheffings vir die periode 1 Julie 2012 tot 30 Junie 2013 vasgestel word:

Alle Dorpe	:	0.009828c in die rand
Landelike gebiede	:	0.00076c in die rand
Sutherland	:	0.000983c in die rand addisioneel ten opsigte van verbruik van straatligte

3. Dat die volgende vrystellings / kortings op eiendomsbelasting toegestaan word:

- 3.1** Persele wat vir woondoeleindes gesoneer is en uitsluitlik vir woondoeleindes gebruik word en waarvan die totale waardasie ten opsigte van grond en verbeterings R15 000,00 en minder beloop, outomaties van eiendomsbelasting vrygestel word;

- 3.2** Eienaars van eiendomme wat 60 jaar en ouer is en wat een eiendom besit en dit permanent bewoon met 'n huishoudelike inkomste wat nie meer is as 3x die staatspensioen per huishouding per maand nie, 25% van jaarlikse belasting tot maksimum van R1 000;
4. Dat vir die doeleindes van (3) 'n belastingpligtige soos volg omskryf word: “'n Geregistreerde eienaar van 'n belasbare eiendom wat dit bewoon en dit beheer en wat vir die betaling van die belasting daarop verantwoordelik is;
 5. Dat, vir die doeleindes van (3), die inkomste van 'n belastingpligtige geag word die totale inkomste van die belastingpligtige en sy/haar eggenoot of eggenote uit alle bronne plus die inkomste van alle inwonende kinders uit alle bronne, te wees;
 6. Dat, alvorens belastingkorting ooreenkomstig (3) toegestaan word, voldoende bewys van inkomste gelewer word;
 7. Dat elektrisiteitsgelde verhoog word ten opsigte van verbruik wat na 1 Julie 2013 plaasvind;
 8. Dat watergelde verhoog word ten opsigte van verbruik wat na 1 Julie 2013 plaasvind;
 9. Dat gelde betaalbaar vir ander dienste gelewer, verhuur of voorsien met ingang 1 Julie 2013 verhoog word;
 10. Dat die volledige tarieflys en verdere besonderhede gedurende normale kantoorure by die Munisipale kantore ter insae sal wees.
 11. Dat die raad 'n ondersoek doen na die vervreemding van onroerende eiendom.

KAPITAAL BEGROTING

Weens die finansiële posisie van Karoo Hoogland Munisipaliteit was dit weereens onmoontlik om enige projekte deur middel van interne fondse te finansier. Karoo Hoogland is aangewese op skenkings vir projekte en in die lig is fondse vir slegs 'n paar projekte bekom.

Hoëmas en straatligte in al drie dorpe :	R3.3m
Oksidasiedam Fraserburg eerste fase :	R7.505 m
Stormwater Sutherland :	R300 000
Williston Paviljoen:	R300 000
Fraserburg Toetsbaan:	R100 000

"So little done, so much to do. Cecil John Rhodes"

BEDRYFSBEGROTING

Die groot onsekerheid in die samestelling in die begroting is die verhoging in brandstof pryse asook die inflasiekoers. Die goedgekeurde elektrisiteitsariefverhoging wat aan ESKOM toegestaan is, het ook 'n groot invloed op die begroting.

Die styging in die uitgawebegroting plaas groot druk op die tariewe wat gehef moet word. Ten einde dit meer bekostigbaar te maak is die Raad genoodsaak om sekere dienste te beperk. In die lig daarvan dat die Biblioteekdienste 'n Provinsiale funksie is en dus nie deur die inwoners gedra



“ So wat maak dit saak as ek die uitgawes onderskat en die inkomste oorskak? Die gemiddeldes bly dieselfde! ”

behoort te word nie, word daar tans op hoëvlak oor die toekoms van hierdie diens beraadslaag.

Sekere aanpassings in die tariewestruktuur van die Riooldiens is ook aangebring om te verseker dat die diens selfonderhoudend is en dat die verwydering koste-effektief gedoen word.

Die verliese wat gelei word as gevolg van die misbruik van water het die Raad genoodsaak om na alternatiewe metingsinstrumente te kyk. Die Raad is tans besig om vooruitbetaalde watermeters te ondersoek en is daar reeds met 'n proeflopie in die verband begin.

The following budget principles and guidelines directly informed the compilation of the 2013 / 2014

MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013 / 2014 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

1.3 OPERATING REVENUE FRAMEWORK

For Karoo Hoogland Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to

address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macro-economic policy;
- Growth in the KHM and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the KHM.

The following table is a summary of the 2013 / 2014 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

NC066 Karoo Hoogland - Table A4 Budgeted Financial Performance (revenue and expenditure)

Nelson Mandela eMhlabathini - Table A: Budgeted Financial Performance (Revenue and Expenditure)										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue By Source										
Property rates	2	6 571	3 103	–	–	–	5 617	5 400	5 886	6 357
Property rates - penalties & collection charges		270	185							
Service charges - electricity revenue	2	4 105	5 713	–	–	–	7 145	8 981	9 610	10 302
Service charges - water revenue	2	1 681	2 286	–	–	–	2 006	2 565	2 819	3 073
Service charges - sanitation revenue	2	2 618	1 627	–	–	–	1 816	2 117	2 326	2 536
Service charges - refuse revenue	2	–	–	–	–	–	1 382	1 643	1 805	1 950
Service charges - other		(4 890)	(1 583)							
Rental of facilities and equipment		446	519							
Interest earned - external investments		54	109							
Interest earned - outstanding debtors		420	329							
Dividends received										
Fines		2	6							
Licences and permits		10	2							
Agency services		8	140							
Transfers recognised - operational		16 213	31 478							
Other revenue	2	240	1 873	–	–	–	1 512	1 746	1 867	2 003
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		27 748	45 787	–	–	–	19 477	22 452	24 313	26 220

Table 2 Operating Transfers and Grant Receipts

NC066 Karoo Hoogland - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	16 438	17 393	18 675
Local Government Equitable Share								13 898	14 659	15 758
Finance Management								1 650	1 800	1 950
Municipal Systems Improvement								890	934	967
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	16 438	17 393	18 675

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the KHM.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the KHM. Discounting the impact of these price increases in lower consumer tariffs will erode the KHM's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the KHM is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or

service level reductions. Within this framework the KHM has undertaken the tariff setting process relating to service charges as follows.

1.3.1 PROPOSED TARIFFS

The proposed tariffs are set out in **Annexure A** to the report.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur

sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

1.3.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

The tariff structure of the 2013 / 2014 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate.

1.3.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 8 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013

Considering the Eskom increases, the consumer tariff had to be increased by 7.50 per cent to offset the additional bulk purchase cost from 1 July 2013. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The KHM has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the KHM. Until the discussions are concluded, the KHM will maintain the current structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the KHM. Most of the suburbs and inner KHM reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Fraserburg electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R15 million over five years will be necessary to steer the KHM out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

1.3.4 Sanitation and Impact of Tariff Increases

A tariff increase of 8 percent for sanitation from 1 July 2013 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 8 percent for sanitation tariffs.

1.3.5 Waste Removal and Impact of Tariff Increases

A 8 percent increase in the waste removal tariff is proposed from 1 July 2013. This is due to the above inflation rate increase in fuel costs.

1.3.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 8 and 9 per cent, with the increase for indigent households closer to 12 per cent.

Table 3 MBRR Table SA14 – Household bill

NC066 Karoo Hoogland - Supporting Table SA14 Household bills

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		292.32	316.15		628.00				561.01	611.50	666.54
Electricity: Basic levy		-	-								
Electricity: Consumption		616.00	800.00		1 340.00				1 440.00	1 540.80	1 679.47
Water: Basic levy		37.71	41.01		50.93				55.00	59.95	65.35
Water: Consumption		562.67	612.04		131.34				131.61	143.45	156.37
Sanitation		59.26	64.09		98.91				90.00	98.10	106.93
Refuse removal		56.03	60.60		79.25				85.59	93.29	101.69
Other											
sub-total		1 623.99	1 893.89	-	2 328.43	-	-	1.5%	2 363.21	2 547.10	2 776.34
VAT on Services		186.43	220.88								
Total large household bill:		1 810.42	2 114.77	-	2 328.43	-	-	1.5%	2 363.21	2 547.10	2 776.34
% increase/-decrease			16.8%	(100.0%)	-	(100.0%)	-		-	7.8%	9.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		93.96	110.86		444.67				397.21	432.96	471.93
Electricity: Basic levy		-	-								
Electricity: Consumption		231.00	300.00		670.00				720.00	770.40	839.74
Water: Basic levy		37.71	41.01		50.93				55.00	59.95	65.35
Water: Consumption		131.32	128.34		107.34				109.11	118.93	129.63
Sanitation		59.26	64.09		98.91				90.00	98.10	106.93
Refuse removal		56.03	60.60		79.25				85.59	93.29	101.69
Other											
sub-total		609.28	704.90	-	1 451.10	-	-	0.4%	1 456.91	1 573.63	1 715.26
VAT on Services		72.14	83.17								
Total small household bill:		681.42	788.07	-	1 451.10	-	-	0.4%	1 456.91	1 573.63	1 715.26
% increase/-decrease			15.7%	(100.0%)	-	(100.0%)	-		-	8.0%	9.0%
Monthly Account for Household - 'Indigent Household receiving free basic services'	3										
Rates and services charges:											
Property rates		-	-								
Electricity: Basic levy		-	-								
Electricity: Consumption		12.80	14.00								
Water: Basic levy		-	-								
Water: Consumption		6.46	7.02								
Sanitation		-	-								
Refuse removal		-	-								
Other											
sub-total		19.26	21.02	-	-	-	-	-	-	-	-
VAT on Services		24.12	26.14								
Total small household bill:		43.38	47.16	-	-	-	-	-	-	-	-
% increase/-decrease			8.7%	(100.0%)	-	-	-		-	-	-

1.4 OPERATING EXPENDITURE FRAMEWORK

The KHM's expenditure framework for the 2013 / 2014 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013 / 2014 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

BEGROTING 2013 /14

NC066 Karoo Hoogland - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Municipal governance and administration</i>			24821358					18 699 291	20 607 144	22 031 992
Executive and council			3442862					12 165 879	13 536 478	14 466 086
Mayor and Council			3442862					6 484 930	7 349 865	7 786 951
Rates								5 680 949	6 186 613	6 679 135
Budget and treasury office			18083448					5 966 760	6 464 349	6 915 934
Corporate services			3295048					566 652	606 317	649 972
Human Resources										
Information Technology										
Property Services										
Other Admin			3295048					566 652	606 317	649 972
<i>Community and public safety</i>			458722					1 594 250	1 704 058	1 828 438
Community and social services			443153					1 566 750	1 674 633	1 796 895
Libraries and Archives								909 250	972 898	1 042 946
Museums & Art Galleries etc										
Community halls and Facilities			443153					177 000	187 600	202 796
Cemeteries & Crematoriums								5 500	5 885	6 309
Child Care										
Aged Care										
Other Community								475 000	508 250	544 844
Other Social										
Sport and recreation			15569					27 500	29 425	31 544
Public safety										
Police										
Fire										
Civil Defence										
Street Lighting										
Other										
Housing										
Health										
Clinics										
Ambulance										
Other										
<i>Economic and environmental services</i>			355							
Planning and development			355							
Economic Development/Planning										
Town Planning/Building			355							
Licensing & Regulation										
Road transport										
Roads										
Public Buses										
Parking Garages										
Vehicle Licensing and Testing										
Other										
Environmental protection										
Pollution Control										
Biodiversity & Landscape										
Other										
<i>Trading services</i>			14880648					24 128 820	26 735 400	28 881 361
Electricity			7276137					10 764 693	11 662 961	12 620 214
Electricity Distribution			7276137					10 764 693	11 662 961	12 620 214
Electricity Generation										
Water			3109513					5 286 206	5 981 661	6 472 886
Water Distribution			3109513					5 286 206	5 981 661	6 472 886
Water Storage										
Waste water management			4494998					8 077 921	9 090 778	9 788 261
Sewerage			4494998					8 077 921	9 090 778	9 788 261
Storm Water Management										
Public Toilets										
Waste management										
Solid Waste										
Other										
Air Transport										
Abattoirs										
Tourism										
Forestry										
Markets										
Total Revenue - Standard	2		40161083					44 422 361	49 046 602	52 741 792
Expenditure - Standard										
<i>Municipal governance and administration</i>			17309687					20 654 557	22 191 421	23 775 354
Executive and council			2051460					4 836 419	5 174 369	5 547 566
Mayor and Council			2051460					4 068 324	4 353 107	4 666 530
Rates								768 095	821 862	881 036
Budget and treasury office			15157229					10 492 285	11 306 661	12 106 892
Corporate services			100998					5 325 853	5 709 791	6 120 896
Human Resources										
Information Technology										
Property Services										
Other Admin			100998					5 325 853	5 709 791	6 120 896
<i>Community and public safety</i>			2590919					1 914 752	2 048 786	2 196 297
Community and social services			1149759					869 374	930 231	997 206
Libraries and Archives								690 870	739 231	792 455
Museums & Art Galleries etc										
Community halls and Facilities			1149759					52 000	55 640	59 646
Cemeteries & Crematoriums								24 500	26 215	28 102
Child Care										
Aged Care										
Other Community								102 004	109 145	117 003
Other Social										
Sport and recreation			1428279					1 045 378	1 118 555	1 199 091
Public safety										
Police										
Fire										
Civil Defence										
Street Lighting										
Other										
Housing										
Health			12881							
Clinics										
Ambulance										
Other			12881							
<i>Economic and environmental services</i>			10160352					81 400	109 354	117 227
Planning and development			175341					71 000	75 870	81 440
Economic Development/Planning			175341					71 000	75 870	81 440
Town Planning/Building										
Licensing & Regulation										
Road transport			9885011							
Roads			9885011							
Public Buses										
Parking Garages										
Vehicle Licensing and Testing										
Other										
Environmental protection								10 400	33 384	35 787
Pollution Control										
Biodiversity & Landscape										
Other								10 400	33 384	35 787
<i>Trading services</i>			14778158					21 699 899	23 351 531	25 203 291
Electricity			5439629					9 538 244	10 371 943	11 289 173
Electricity Distribution			5439629					9 538 244	10 371 943	11 289 173
Electricity Generation										
Water			4177516					3 898 123	4 170 992	4 471 303
Water Distribution			4177516					3 898 123	4 170 992	4 471 303
Water Storage										
Waste water management			5161013					8 263 532	8 808 596	9 442 815
Sewerage			5161013					6 281 305	6 720 997	7 204 909
Storm Water Management								1 982 227	2 087 599	2 237 906
Public Toilets										
Waste management										
Solid Waste										
Other										
Air Transport										
Abattoirs										
Tourism										
Forestry										
Markets										
Total Expenditure - Standard	3		44839116					44 350 608	47 701 092	51 292 169
Surplus/(Deficit) for the year			-4678033					71 753	1 345 510	1 449 623

The budgeted allocation for employee related costs for the 2013 / 2014 financial year totals R 22.4 million, which equals 50.53 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.48 per cent for the 2013 / 2014 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF. As the budget is curtailed the employee costs are rising as a percentage of the budget.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the KHM's budget.

The provision of debt impairment was determined based on an annual collection rate of 65 per cent and the Debt Write-off Policy of the KHM. For the 2013 / 2014 financial year this amount equates to R2.5 million and escalates to R2.99 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R19,12 million for the 2013 / 2014 financial year. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 7 per cent for 2013 / 2014 and curbed at 6.2 and 5.9 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following graph gives a breakdown of the main expenditure categories for the 2013 / 2014 financial year.

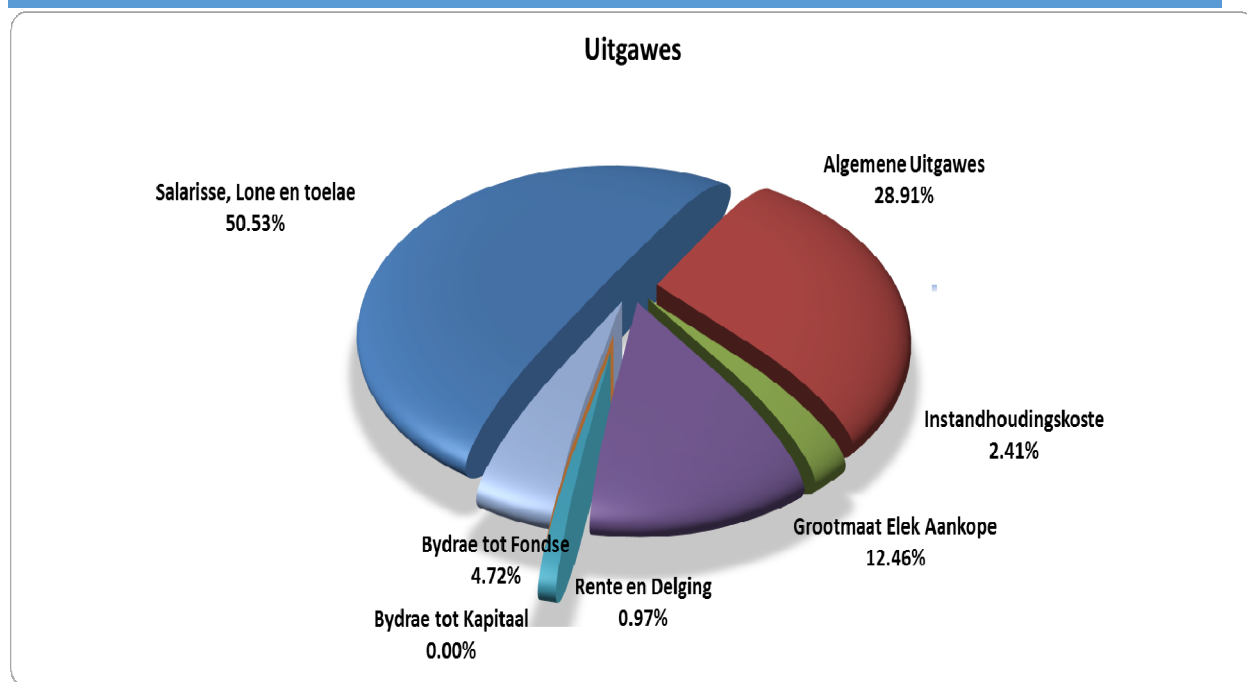


Figure 1 Main operational expenditure categories for the 2013 / 2014 financial year

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the KHM's current infrastructure, the 2013 / 2014 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the KHM. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

For the 2013 / 2014 financial year, only R1.5 m will be spent on maintenance of infrastructure assets. This is still considered to be insufficient to maintain the assets adequately.

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the KHM's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 CAPITAL EXPENDITURE

Due to financial constraints, it was not possible to provide funding for capital projects from our own sources. Only two projects could be included which are funded from National Grants.:

Hoëmas en straatligte in al drie dorpe :	R3.3m
Oksidasiedam Fraserburg eerste fase :	R7.505 m
Stormwater Sutherland :	R300 000
Williston Paviljoen:	R300 000
Fraserburg Toetsbaan:	R100 000

1.6 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's

2013 / 2014 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 5 MBRR Table A1 - Budget Summary

BEGROTING 2013 /14

NC066 Karoo Hoogland - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		6 571	3 103				12 540	11 060 000	12 055 400	13 019 832
less Revenue Foregone							6 924	5 660 151	6 169 564	6 663 130
Net Property Rates		6 571	3 103				5 617	5 400	5 886	6 357
Service charges - electricity revenue	6									
Total Service charges - electricity revenue		4 105	5 713				7 284 817	9 131 179	9 770 361	10 473 827
less Revenue Foregone							139 684	150 160	160 672	172 240
Net Service charges - electricity revenue		4 105	5 713				7 145	8 981	9 610	10 302
Service charges - water revenue	6									
Total Service charges - water revenue		1 681	2 286				2 547 052	3 150 000	3 461 850	3 773 417
less Revenue Foregone							541 476	584 794	642 599	700 531
Net Service charges - water revenue		1 681	2 286				2 006	2 565	2 819	3 073
Service charges - sanitation revenue	6									
Total Service charges - sanitation revenue		2 618	1 627				2 680 169	3 050 000	3 351 950	3 653 626
less Revenue Foregone							864 243	933 362	1 025 787	1 118 108
Net Service charges - sanitation revenue		2 618	1 627				1 816	2 117	2 326	2 536
Service charges - refuse revenue	6									
Total refuse removal revenue							2 221 669	2 550 000	2 802 450	3 026 646
Total landfill revenue										
less Revenue Foregone							839 997	907 197	997 010	1 076 770
Net Service charges - refuse revenue							1 382	1 643	1 805	1 950
Other Revenue by source										
Grants		240	519							
Interest Received - Late accounts			330				644 340	675 000	722 250	774 252
Interest Received - other			109							
Fines			2							
Motor Vehicle Reg			140				248 300	261 000	279 270	299 377
Licence and permits							160 880	160 200	169 274	183 462
Other income			589							
Property Rates penalties			185				458 101	650 000	695 850	745 951
Rental										
Total 'Other' Revenue	3	240	1 873				1 512	1 746	1 867	2 003
EXPENDITURE ITEMS:										
Employee related costs	2									
Basic Salaries and Wages		11 490	15 972				17 089 075	19 101 771	20 438 895	21 910 495
Pension and UIF Contributions							943 123	1 004 063	1 074 337	1 151 689
Medical Aid Contributions							20 433	290 689	311 037	333 432
Overtime							218 024	222 200	237 754	254 872
Performance Bonus							1 565 789	1 448 149	1 549 520	1 661 085
Motor Vehicle Allowance										
Cellphone Allowance							93 569	94 248	100 845	108 106
Housing Allowances							0	8 234	8 810	9 445
Other benefits and allowances							546 159	411 053	439 827	471 495
Payments in lieu of leave							12 716	0	0	0
Long service awards										
Post-retirement benefit obligations	4						242 353	0	0	0
sub-total	5	11 490	15 972				20 731	22 580	24 161	25 901
Less: Employees costs capitalised to PPE										
Total Employee related costs	1	11 490	15 972				20 731	22 580	24 161	25 901
Contributions recognised - capital										
List contributions by contract			7 850							
Total Contributions recognised - capital			7 850							
Depreciation & asset impairment	10									
Depreciation of Property, Plant & Equipment			779	13 586						
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE										
Total Depreciation & asset impairment	1		779	13 586						
Bulk purchases	1									
Electricity Bulk Purchases			2 903	3 837			4 714 836	5 570 186	6 336 087	7 223 139
Water Bulk Purchases			2 903	3 837			4 715	5 570	6 336	7 223
Total bulk purchases	1		2 903	3 837			4 715	5 570	6 336	7 223
Transfers and grants	1									
Cash transfers and grants										
Non-cash transfers and grants										
Total transfers and grants	1									
Contracted services										
List services provided by contract										
sub-total	1									
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services										
Other Expenditure By Type										
Collection costs								2 099	2 246	2 408
Contributions to 'other' provisions										
Consultant fees								1 550	1 659	1 778
Audit fees										
General expenses	3	4 316								
Congresses and membershipo								400	428	459
Stationary								203	217	233
Telephone								250	268	287
Fuel								510	546	585
Travelling Cost								215	209	224
Software Licenses								170	182	196
Municipal Services Accounts								715	777	833
Interest Paid										
Ward committee cost										
Insurance								233	249	267
Legal Fees								150	161	172
Sundry Expenditure								1 122	3 763	4 034
Advertisement			3 478							
Training										
Cell Phones										
Admin Cost								4 727	5 058	5 422
Waste Water Quality (MSIG)								15	16	18
LED Programmes										
Indigent Subsidy										1
Income Foregone								8 236	8 996	9 731
Transfers & Grants - Operational								2 540	2 734	2 917
Transfers & Grants - Capital								11 805	8 890	8 113
Total 'Other' Expenditure	1	4 316	3 478					34 941	36 398	37 675
Repairs and Maintenance	8									
Employee related costs								1 538	1 633	1 751
Other materials										
Contracted Services										
Other Expenditure								105		
Total Repairs and Maintenance Expenditure	9							1 643	1 633	1 751

sub-total	1	-	-	-	-	-	-	-	-
Allocations to organs of state:									
Electricity									
Water									
Sanitation									
Other									
Total contracted services		-	-	-	-	-	-	-	-
Other Expenditure By Type									
Collection costs				200		50	214	229	245
Contributions to 'other' provisions				1 065		267	1 065	1 156	795
Consultant fees									
Audit fees				1 950		1 733	2 200	2 368	2 550
General expenses	3								
<i>Congresses and membershipo</i>				110		207	111	118	127
<i>Stationary</i>				171		225	276	295	317
<i>Telephone</i>				337		472	505	541	580
<i>Fuel</i>				524		442	591	650	359
<i>Travelling Cost</i>				515		802	947	1 013	1 017
<i>Software Licenses</i>				150		283	174	187	200
<i>Municipal Services Accounts</i>				1 006		707	757	1 821	1 802
<i>Interest Paid</i>				200		150	150	217	235
<i>Ward committee cost</i>				375		-			
<i>Insurance</i>				253		312	202	216	194
<i>Legal Fees</i>				105		98	116	124	133
<i>Sundry Expenditure</i>			2 144	1 212		(2 700)	2 379	3 293	2 800
Total 'Other' Expenditure	1	-	-	2 144	8 172	-	3 048	9 686	11 353
Repairs and Maintenance	8								
Employee related costs									
Other materials			1 889	1 963		1 820	3 383	3 620	3 135
Contracted Services									
Other Expenditure									
Total Repairs and Maintenance Expenditure	9	-	-	1 889	1 963	-	1 820	3 383	3 135

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the KHM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;

- ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014/15, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC066 Karoo Hoogland - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		-	24 821	-	-	-	-	18 699	20 607	22 032
Executive and council		-	3 443	-	-	-	-	12 166	13 536	14 466
Budget and treasury office		-	18 083	-	-	-	-	5 967	6 464	6 916
Corporate services		-	3 295	-	-	-	-	567	606	650
<i>Community and public safety</i>		-	459	-	-	-	-	1 594	1 704	1 828
Community and social services		-	443	-	-	-	-	1 567	1 675	1 797
Sport and recreation		-	16	-	-	-	-	28	29	32
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	0	-	-	-	-	-	-	-
Planning and development		-	0	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	14 881	-	-	-	-	24 129	26 735	28 881
Electricity		-	7 276	-	-	-	-	10 765	11 663	12 620
Water		-	3 110	-	-	-	-	5 286	5 982	6 473
Waste water management		-	4 495	-	-	-	-	8 078	9 091	9 788
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	-	40 161	-	-	-	-	44 422	49 047	52 742
Expenditure - Standard										
<i>Governance and administration</i>		-	17 310	-	-	-	-	20 655	22 191	23 775
Executive and council		-	2 051	-	-	-	-	4 836	5 175	5 548
Budget and treasury office		-	15 157	-	-	-	-	10 492	11 307	12 107
Corporate services		-	101	-	-	-	-	5 326	5 710	6 121
<i>Community and public safety</i>		-	2 591	-	-	-	-	1 915	2 049	2 196
Community and social services		-	1 150	-	-	-	-	869	930	997
Sport and recreation		-	1 428	-	-	-	-	1 045	1 119	1 199
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	13	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	10 160	-	-	-	-	81	109	117
Planning and development		-	175	-	-	-	-	71	76	81
Road transport		-	9 985	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	10	33	36
<i>Trading services</i>		-	14 778	-	-	-	-	21 700	23 352	25 203
Electricity		-	5 440	-	-	-	-	9 538	10 372	11 289
Water		-	4 178	-	-	-	-	3 898	4 171	4 471
Waste water management		-	5 161	-	-	-	-	8 264	8 809	9 443
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	-	44 839	-	-	-	-	44 351	47 701	51 292
Surplus/(Deficit) for the year		-	(4 678)	-	-	-	-	72	1 346	1 450

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the

municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC066 Karoo Hoogland - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

2009/10									
2010/11									
2011/12									
Current Year 2012/13									
2013/14 Medium Term Revenue & Expenditure Framework									
Budget Year 2013/14									
Budget Year +1 2014/15									
Budget Year +2 2015/16									
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days									
Other current investments > 90 days									
Total Call investment deposits									
Consumer debtors									
Consumer debtors									
Less: Provision for debt impairment									
Total Consumer debtors									
Debt impairment provision									
Balance at the beginning of the year									
Contributions to the provision									
Bad debts written off									
Balance at end of year									
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)									
Leases recognised as PPE									
Less: Accumulated depreciation									
Total Property, plant and equipment (PPE)									
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)									
Current portion of long-term liabilities									
Total Current liabilities - Borrowing									
Trade and other payables									
Trade and other creditors									
Unspent conditional transfers									
VAT									
Total Trade and other payables									
Non current liabilities - Borrowing									
Borrowing									
Finance leases (including PPP asset element)									
Total Non current liabilities - Borrowing									
Provisions - non-current									
Retirement benefits									
List other major provision items									
Refuse landfill site rehabilitation									
Other									
Total Provisions - non-current									
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance									
GRAP adjustments									
Restated balance									
Surplus/(Deficit)									
Appropriations to Reserves									
Transfers from Reserves									
Depreciation offsets									
Other adjustments									
Accumulated Surplus/(Deficit)									
Reserves									
Housing Development Fund									
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves									
TOTAL COMMUNITY WEALTH/EQUITY									
Total capital expenditure includes expenditure on nationally significant priorities:									
Provision of basic services									

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the KHM. This means it is possible to present the operating surplus or deficit of a vote.

Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC066 Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

[illegible]

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Standard										
Governance and administration		365	303	-	-	-	-	-	-	-
Executive and council		365	121							
Budget and treasury office			180							
Corporate services			2							
Community and public safety		-	33	-	-	-	-	400	-	-
Community and social services			33							
Sport and recreation								400		
Public safety										
Housing										
Health										
Economic and environmental services		-	17	-	-	-	-	-	-	-
Planning and development										
Road transport			17							
Environmental protection										
Trading services		2 686	2 699	-	-	-	-	11 405	8 890	8 113
Electricity								3 300		
Water			12					7 505	8 890	8 113
Waste water management		2 686	2 687					300		
Waste management								300		
Other										
Total Capital Expenditure - Standard	3	3 051	3 051	-	-	-	-	11 805	8 890	8 113

Table 10 MBRR Table A6 - Budgeted Financial Position

NC066 Karoo Hoogland - Table A6 Budgeted Financial Position

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
ASSETS											
Current assets											
Cash			3 408	6 607							
Call investment deposits	1		–	–	–	–	–	–	–	–	–
Consumer debtors	1		3 679	4 511	–	6 628	–	–	4 533	4 534	6 628
Other debtors			493								
Current portion of long-term receivables				696							
Inventory	2		6	73							
Total current assets			7 586	11 887	–	6 628	–	–	4 533	4 534	6 628
Non current assets											
Long-term receivables				–							
Investments											
Investment property				–							
Investment in Associate											
Property, plant and equipment	3		43 868	182 284	–	162 690	–	–	162 690	162 690	162 690
Agricultural											
Biological											
Intangible				–							
Other non-current assets											
Total non current assets			43 868	182 284	–	162 690	–	–	162 690	162 690	162 690
TOTAL ASSETS			51 454	194 171	–	169 318	–	–	167 223	167 224	169 318
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4		225	142	–	142	–	–	142	142	142
Consumer deposits			111	165							
Trade and other payables	4		8 513	12 803	–	12 803	–	–	12 803	12 803	12 803
Provisions			2 203	1 928							
Total current liabilities			11 053	15 038	–	12 945	–	–	12 945	12 945	12 945
Non current liabilities											
Borrowing			2 494	3 330	–	2 961	–	–	2 961	2 961	2 961
Provisions			3 150	3 336	–	3 336	–	–	3 336	3 336	3 336
Total non current liabilities			5 645	6 666	–	6 297	–	–	6 297	6 297	6 297
TOTAL LIABILITIES			16 697	21 704	–	19 242	–	–	19 242	19 242	19 242
NET ASSETS			34 756	172 467	–	150 076	–	–	147 980	147 981	150 076
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			34 756	172 467					147 980	147 981	150 076
Reserves	4		–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY			34 756	172 467	–	–	–	–	147 980	147 981	150 076

Table 11 MBRR Table A7 - Budgeted Cash Flow Statement

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

New Kato Houghland - Table A1 Budgeted Cash Flows										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	1	30 745	54 271					28 044	30 297	32 634
Government - operating								16 438	18 750	20 108
Government - capital	1									
Interest		474	438							
Dividends										
Payments										
Suppliers and employees		(24 166)	(40 144)					(27 972)	(29 159)	(31 664)
Finance charges		(481)	(455)							
Transfers and Grants	1							(16 438)	(18 750)	(20 108)
NET CASH FROM/(USED) OPERATING ACTIVITIES		6 573	14 111	-	-	-	-	72	1 138	970
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE										
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables			(861)							
Decrease (increase) in non-current investments			68							
Payments										
Capital assets		(3 051)	(9 916)							
NET CASH FROM/(USED) INVESTING ACTIVITIES		(3 051)	(10 709)	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing		236								
Increase (decrease) in consumer deposits		(2)	38							
Payments										
Repayment of borrowing		(187)	(242)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		47	(204)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		3 569	3 199	-	-	-	-	72	1 138	970
Cash/cash equivalents at the year begin:	2	(161)	3 408	6 607					72	1 210
Cash/cash equivalents at the year end:	2	3 408	6 607	6 607	-	-	-	72	1 210	2 179

Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

NC066 Karoo Hoofdstad - Table A6 Cash backed reserves/accumulated surplus reconciliation										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
Cash and investments available										
Cash/cash equivalents at the year end	1	3 408	6 607	6 607	–	–	–	72	1 210	2 179
Other current investments > 90 days		–	0	(6 607)	–	–	–	(72)	(1 210)	(2 179)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–
Cash and investments available:		3 408	6 607	–	–	–	–	–	–	–
Application of cash and investments										
Unspent conditional transfers		–	7 564	–	7 564	–	–	7 564	7 564	7 564
Unspent borrowing		–	3 253	–	–	–	–	3 253	–	–
Statutory requirements	2									
Other working capital requirements	3	(2 659)	(12 001)	–	5 238	–	–	(448)	(435)	(3 046)
Other provisions										
Long term investments committed	4	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5									
Total Application of cash and investments:		(2 659)	(1 184)	–	12 802	–	–	10 369	7 129	4 518
Surplus(shortfall)		6 067	7 791	–	(12 802)	–	–	(10 369)	(7 129)	(4 518)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 13 MBRR Table A9 - Asset Management

NC066 Karoo Hoogland - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	11 883	-	-	15 381	15 006	16 200
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	2 500	-	-	4 000	3 000	3 500
Infrastructure - Water		-	-	-	9 383	-	-	11 381	12 006	12 700
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	11 883	-	-	15 381	15 006	16 200
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	11 883	-	11 883	15 381	15 006	16 200
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	2 500	-	2 500	4 000	3 000	3 500
Infrastructure - Water		-	-	-	9 383	-	9 383	11 381	12 006	12 700
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	11 883	-	11 883	15 381	15 006	16 200
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	5 000	-	2 500	8 000	6 000	7 000
Infrastructure - Water		-	-	-	18 766	-	9 383	22 762	24 012	25 400
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	23 766	-	11 883	30 762	30 012	32 400
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	23 766	-	11 883	30 762	30 012	32 400
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5									
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	18 158	18 158	-	-	18 158	18 158	18 158
Other assets										
Agricultural Assets			-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-
Intangibles			-	953	953			953	953	953
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	19 111	19 111	-	-	19 111	19 111	19 111
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		-	-	13 586	-	-	-	-	-	-
Repairs and Maintenance by Asset Class										
Infrastructure - Road transport		-	-	-	-	-	-	3 383	3 620	3 134
Infrastructure - Electricity		-	-	-	-	-	-	450	482	516
Infrastructure - Water		-	-	-	-	-	-	500	535	574
Infrastructure - Sanitation		-	-	-	-	-	-	200	214	229
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	350	375	401
Community		-	-	-	-	-	-	1 500	1 605	1 721
Heritage assets		-	-	-	-	-	-	500	535	574
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
	6, 7				-	-	-	1 383	1 480	840
TOTAL EXPENDITURE OTHER ITEMS		-	-	13 586	-	-	-	3 383	3 620	3 134
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	50.0%	0.0%	100.0%	50.0%	50.0%	50.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	2.2%	1.9%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	62.0%	0.0%	0.0%	98.0%	97.0%	101.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The KHM does not meet these recommendations.

Table 14 MBRR Table A10 - Basic Service Delivery Measurement

NC066 Karoo Hoogland - Table A10 Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)								2 526	2 526	2 526
Sanitation (free minimum level service)								1 137	1 347	1 347
Electricity/other energy (50kwh per household per month)								1 137	1 347	1 347
Refuse (removed at least once a week)								1 137	1 347	1 347
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)								2 391	2 628	2 888
Sanitation (free sanitation service)								1 538	1 691	1 858
Electricity/other energy (50kwh per household per month)								790	898	1 024
Refuse (removed once a week)								1 233	1 355	1 489
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	5 952	6 572	7 259
Highest level of free service provided										
Property rates (R value threshold)								30 000	30 000	30 000
Water (kilolitres per household per month)								6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)								113	0	136
Electricity (kwh per household per month)								1	1	2
Refuse (average litres per week)								90	99	109
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)								187	209	234
Property rates (other exemptions, reductions and rebates)								187	209	234
Water								2 391	2 628	2 888
Sanitation								1 538	1 691	1 858
Electricity/other energy								790	898	1 024
Refuse								1 233	1 355	1 489
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	6 325	6 990	7 727

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

1.7 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the KHM's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor did not table in Council the required the IDP and budget time as scheduled in July 2012. Key dates applicable to the process were:

- **July 2012** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2013 / 2014 MTREF;
- **January 2013** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2013** – Council to consider 2011/12 Mid-year Review;
- **February 2013** - Council to consider Adjustments Budget if necessary;
- **February 2013** - Recommendations of the Council are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2013 / 2014 MTREF is revised accordingly;
- **28 March 2013** - Tabling in Council of the draft 2013 / 2014 IDP and 2013 / 2014 MTREF for public consultation;
- **April 2013** – Public consultation;
- **May 2013** - Closing date for written comments;

- **6 to 21 May 2013** – finalisation of the 2013 / 2014 IDP and 2013 / 2014 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **24 May 2013** - Tabling of the 2013 / 2014 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council since January 2012.

1.7.2 IDP and Service Delivery and Budget Implementation Plan

1.7.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013 / 2014 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013 / 2014 MTREF:

- KHM growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

1.7.4 Community Consultation

1.8 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;

- Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide KHM planning services; and
 - Maintaining the infrastructure of the KHM.
2. Economic growth and development that leads to sustainable job creation by:
- Ensuring there is a clear structural plan for the KHM;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective KHM cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capaKHM to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

Table 15 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC066 Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

[illegible]

Table 16 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC066 Karoo Hoogland - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

[illegible]

1.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the KHM has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

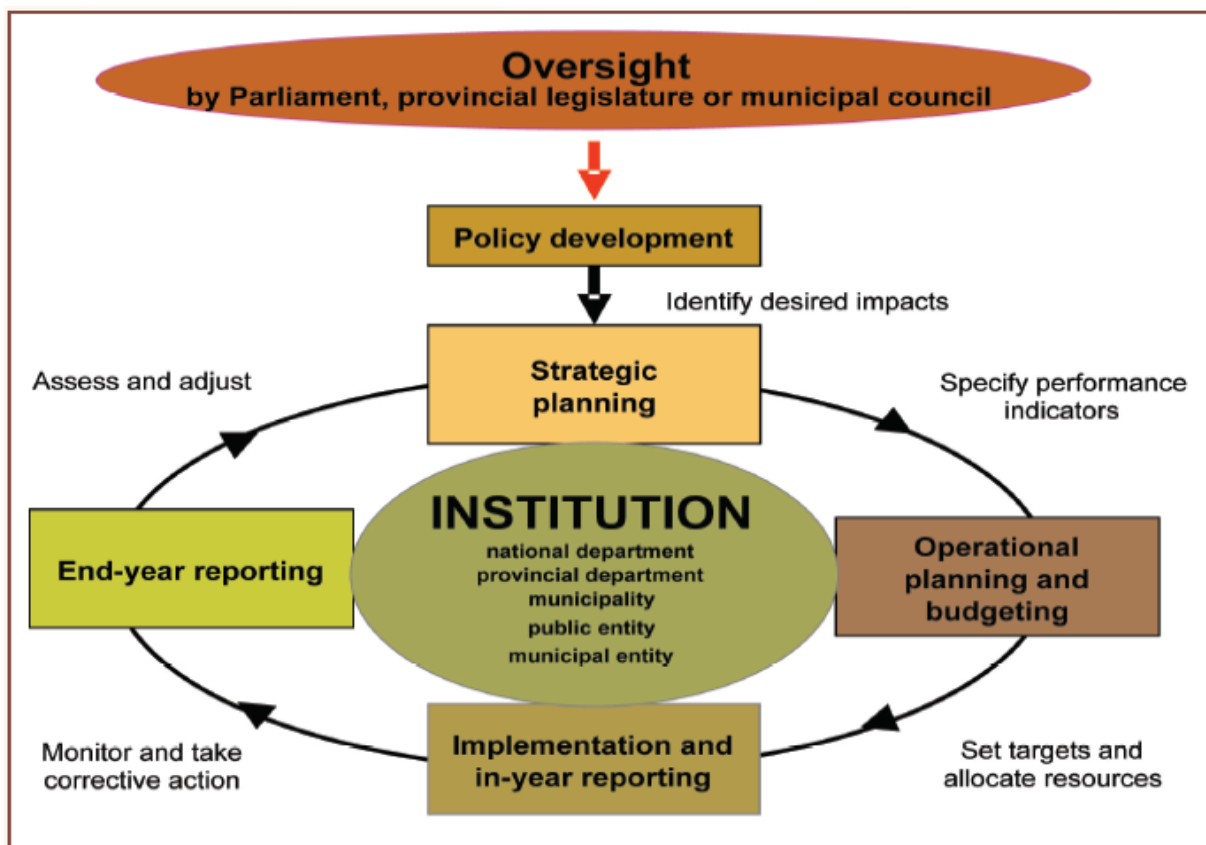


Figure 2 Planning, budgeting and reporting cycle

The performance of the KHM relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The KHM therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);

- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the KHM in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Figure 3 Definition of performance information concepts

Unfortunately the performance objective system were not implemented.

Table 17 MBRR Table SA7 - Measurable performance objectives

NC066 Karoo Hoogland - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2013 / 2014 MTREF.

Table 18 MBRR Table SA8 - Performance indicators and benchmarks

NC066 Karoo Hoogland - Supporting Table SA8 Performance indicators and benchmarks

NCover Ratio Hoogland - Supporting Table 3/4 Performance Indicators and Benchmarks										
Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%	7.1%	7.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.7%	15.2%	13.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	-	-	0.8	0.9	-	-	0.4	0.8	0.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	0.8	0.9	-	-	0.4	0.8	0.7
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	0.4	0.3	-	-	(0.2)	0.1	0.1
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	90.2%	90.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	90.2%	90.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	17.1%	53.5%	0.0%	0.0%	22.8%	23.8%	18.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))									
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-56.2%	-27.2%	-21.7%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source									
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	50.5%	98.3%	0.0%	111.7%	62.2%	60.1%	51.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	46.5%	100.9%	0.0%	113.9%	62.1%	60.0%	58.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.5%	10.3%	8.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	40.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	-	-	-	6.0	7.0	7.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	46.7%	55.5%	0.0%	0.0%	49.2%	50.7%	39.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	(1.0)	(4.3)	(7.9)	(10.3)

1.9.1 Performance indicators and benchmarks

1.9.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Karoo Hoogland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the KHM's debt portfolio is dominated by annuity loans.

Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.9.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the KHM has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013 / 2014 MTREF the current ratio is 1.2 in the 2011/12 financial year and 1.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.2 and as part of the financial planning strategy it has been increased to 0.3 in the 2011/12 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the KHM. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

1.9.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

1.9.1.4 Creditors Management

- The KHM has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the KHM, which is expected to benefit the KHM in the form of more competitive pricing of tenders, as suppliers compete for the KHM's business.

Unfortunately during the latter half of the year KHM had a very restricted cashflow and could not pay all creditors on time.

1.9.1.5 Other Indicators

- The electricity distribution losses remain at more than 20% in rand value. This is mainly due to the outdated infrastructure in Fraserburg.
- The water distribution losses cannot be calculated due to the shortage in bulk meters. This needs to be addressed urgently.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers. The percentage however is considered to be out of bounds.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the KHM's strategy to ensure the management of its asset base.

1.9.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the KHM. With the exception of water, only registered indigents qualify for the free basic services.

For the 2011/12 financial year 1350 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, and free refuse, sanitation and discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

1.9.3 Providing clean water and managing waste water

The KHM is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All water is generated from the KHM's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

1.10 OVERVIEW OF BUDGET RELATED-POLICIES

The KHM's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.10.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2008 and is reviewed annually. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, it is essential that projects implemented should create work. The 2013 / 2014 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 80 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the KHM's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy. Currently the collection rate is only 65%.

1.10.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the KHM's revenue base.

1.10.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the KHM continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions. Unfortunately both these processes were derailed in the current year.

1.10.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2010. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

1.10.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the KHM's system of delegations.

1.10.6 Cash Management and Investment Policy

The KHM's Cash Management and Investment Policy was amended by Council in January 2009. The aim of the policy is to ensure that the KHM's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.10.7 Tariff Policies

The KHM's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

1.10.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2013 / 2014 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has to be modelled as part of the financial modelling and scenario planning process:

- Approved 2011/12 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the KHM's website, as well as the following budget related policies:

- Property Rates Policy;
- Borrowing Policy;

- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.11 OVERVIEW OF BUDGET ASSUMPTIONS

1.11.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the KHM's finances.

1.11.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013 / 2014 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on KHM's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
 - The increase in the cost of remuneration. Employee related costs comprise more than 50% percent of total operating expenditure in the 2013 / 2014 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.11.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. No borrowing is planned for the 2012 /13 year.

1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (80 per cent) of annual billings. Cash flow is assumed to be 80 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. In practice the collection rate only reach 65% currently.

1.11.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the KHM, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.11.6 Salary increases

It is estimated that a 6,84% salary increase will be negotiated nationally.

1.11.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.11.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2013 / 2014 MTREF of which performance has been factored into the cash flow budget.

1.12 OVERVIEW OF BUDGET FUNDING

1.12.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 19 Breakdown of the operating revenue over the medium-term

NC066 Karoo Hoogland - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		6 571	3 103				12 540	11 060 000	12 055 400	13 019 832
less Revenue Foregone							6 924	5 719 699	6 233 280	6 731 433
Net Property Rates		6 571	3 103				5 617	5 340	5 822	6 288
Service charges - electricity revenue	6									
Total Service charges - electricity revenue		4 105	5 713				7 284 817	9 094 755	9 731 387	10 432 047
less Revenue Foregone							139 684	149 462	159 924	171 439
Net Service charges - electricity revenue		4 105	5 713				7 145	8 945	9 571	10 261
Service charges - water revenue	6									
Total Service charges - water revenue		1 681	2 286				2 547 052	3 150 000	3 461 850	3 773 417
less Revenue Foregone							541 476	584 794	642 689	700 531
Net Service charges - water revenue		1 681	2 286				2 006	2 565	2 819	3 073
Service charges - sanitation revenue										
Total Service charges - sanitation revenue		2 618	1 627				2 680 169	3 050 000	3 351 950	3 653 626
less Revenue Foregone							864 243	933 382	1 025 787	1 118 108
Net Service charges - sanitation revenue		2 618	1 627				1 816	2 117	2 326	2 536
Service charges - refuse revenue	6									
Total refuse removal revenue							2 221 669	2 550 000	2 802 450	3 026 646
Total landfill revenue										
less Revenue Foregone							839 997	907 197	997 010	1 076 770
Net Service charges - refuse revenue							1 382	1 643	1 805	1 950
Other Revenue by source										
Grants		240	519							
Interest Recieved : Late accounts			330							
Interest Recieved : other			109				644 340	675 000	722 250	774 252
Fines			2							
Motor Vechicle Reg			140				248 300	261 000	279 270	299 377
Licence and permits										
Other income			589				160 880	160 200	169 274	183 462
Property Rates penalties			185							
Rental							458 101	650 000	695 850	745 951
Total 'Other' Revenue	3 1	240	1 873				1 512	1 746	1 867	2 003

The following graph is a breakdown of the operational revenue per main category for the 2013 / 2014 financial year.

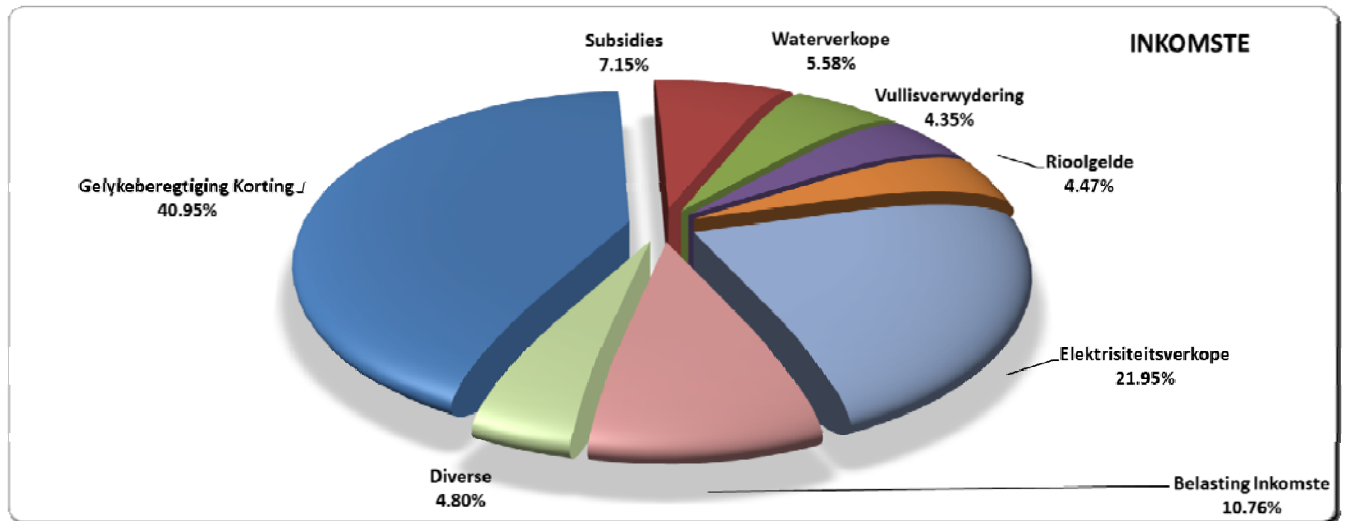


Figure 4 Breakdown of operating revenue over the 2013 / 2014 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The KHM derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the KHM and economic development;
- Revenue management and enhancement;
- Achievement of a 90 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013 / 2014 MTREF on the different revenue categories are:

Table 20 Proposed tariff increases over the medium-term

Revenue category	2013 / 2014 proposed tariff increase	2013/14 proposed tariff increase	2014/15 proposed tariff increase
	%	%	%
Property rates	9.0	9.0	9.0
Sanitation	8.0	9.0	8.0
Solid Waste	8.0	9.0	8.0
Water	8.0	9.0	8.0
Electricity	7.0	9.0	9.0
Total			

The tables below provide detail investment information and investment particulars by maturity.

Table 21 MBRR SA15 – Detail Investment Information

No funds are currently invested

Table 22 MBRR SA16 – Investment particulars by maturity

No funds are currently invested

1.12.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2011/12 medium-term capital programme:

Table 23 Sources of capital revenue over the MTREF

Funded by:										
National Government				11 883		11 883	15 381	15 006	16 200	
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital	4	-	-	-	11 883	-	11 883	15 381	15 006	16 200
Public contributions & donations	5									
Borrowing	6									
Internally generated funds										
Total Capital Funding	7	-	-	-	11 883	-	11 883	15 381	15 006	16 200

Table 24 MBRR Table SA 17 - Detail of borrowings

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity /reducing balance)			3 253	3 111			2 961	2 803	2 638	
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	-	-	3 253	3 111	-	-	2 961	2 803	2 638

Table 25 MBRR Table SA 18 - Capital transfers and grant receipts

NC066 Karoo Hoogland - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	16 438	17 393	18 675
Local Government Equitable Share								13 898	14 659	15 758
Finance Management								1 650	1 800	1 950
Municipal Systems Improvement								890	934	967
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	-	-	-	-	-	-	16 438	17 393	18 675
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	11 805	8 890	8 113
Municipal Infrastructure Grant (MIG)								10 805	8 890	8 113
Municipal Infrastructure Grant (MIG)								1 000		
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	-	-	-	-	-	-	11 805	8 890	8 113
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	28 243	26 283	26 788

1.12.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		1	30 745	54 271					28 044	30 297	32 634
Government - operating									16 438	18 750	20 108
Government - capital											
Interest			474	438							
Dividends											
Payments											
Suppliers and employees		1	(24 166)	(40 144)					(27 972)	(29 159)	(31 664)
Finance charges			(481)	(455)							
Transfers and Grants									(16 438)	(18 750)	(20 108)
NET CASH FROM/(USED) OPERATING ACTIVITIES			6 573	14 111	-	-	-	-	72	1 138	970
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables				(861)							
Decrease (increase) in non-current investments				68							
Payments											
Capital assets			(3 051)	(9 916)							
NET CASH FROM/(USED) INVESTING ACTIVITIES			(3 051)	(10 709)	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing			236								
Increase (decrease) in consumer deposits			(2)	38							
Payments											
Repayment of borrowing			(187)	(242)							
NET CASH FROM/(USED) FINANCING ACTIVITIES			47	(204)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			3 569	3 199	-	-	-	-	72	1 138	970
Cash/cash equivalents at the year begin:		2	(161)	3 408	6 607					72	1 210
Cash/cash equivalents at the year end:		2	3 408	6 607	6 607	-	-	-	72	1 210	2 179

Table 26 MBRR Table A7 - Budget cash flow statement

The above table shows that cash and cash equivalents of the KHM are largely depleted

1.12.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 27 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash and investments available										
Cash/cash equivalents at the year end	1	3 408	6 607	6 607	-	-	-	72	1 210	2 179
Other current investments > 90 days		-	0	(6 607)	-	-	-	(72)	(1 210)	(2 179)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
Cash and investments available:		3 408	6 607	-	-	-	-	-	-	-
Application of cash and investments										
Unspent conditional transfers		-	7 564	-	7 564	-	-	7 564	7 564	7 564
Unspent borrowing		-	3 253	-	-	-	-	3 253	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(2 659)	(12 001)	-	5 238	-	-	(448)	(435)	(3 046)
Other provisions		-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(2 659)	(1 184)	-	12 802	-	-	10 369	7 129	4 518
Surplus(shortfall)		6 067	7 791	-	(12 802)	-	-	(10 369)	(7 129)	(4 518)

It can be concluded that the KHM has a deficit against the cash backed and accumulated surpluses reconciliation. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the KHM. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives. It needs to be noted that for all practical purposes the 2013 / 2014 MTREF is unfunded when considering the funding requirements of section 18 and 19 of the MFMA. The 2013 / 2014 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. The challenge for the KHM will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.12.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to

which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 28 MBRR SA10 – Funding compliance measurement

NC066 Karoo Hoogland Supporting Table SA10 Funding measurement

NCCoR Ratio Budgetary Supporting Table SA20 Funding measurement											
Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	1	3 408	6 607	6 607	–	–	–	72	1 210	2 179
Cash + investments at the yr end less applications - R'000	18(1)b	2	6 067	7 791	–	(12 802)	–	–	(10 369)	(7 129)	(4 518)
Cash year end/monthly employee/supplier payments	18(1)b	3	2.3	3.5	–	–	–	–	0.0	0.4	0.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	6 520	15 194	–	–	–	(5 970)	(14 817)	(13 825)	(13 656)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	3.4%	(106.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	2.4%	1.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	267.8%	382.2%	0.0%	0.0%	0.0%	0.0%	125.4%	125.1%	125.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(7.7%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	24.8%	(100.0%)	0.0%	(100.0%)	0.0%	0.0%	0.0%	46.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

1.12.5.1 Cash/cash equivalent position

The KHM's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.12.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.12.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the KHM to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.12.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.12.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

1.12.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 65, 65.3 and 65.6 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 80 per cent performance target, the cash flow statement has been overstated. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.12.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision is considered to be insufficient.

1.12.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

1.12.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

1.12.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The KHM has budgeted for all transfers.

1.12.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the KHM's policy of settling debtors accounts within 30 days.

1.12.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the KHM's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

1.12.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

1.13 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 29 MBRR SA19 - Expenditure on transfers and grant programmes

NC066 Karoo Hoogland - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	16 438	17 393	18 675
Local Government Equitable Share								13 898	14 659	15 758
Finance Management								1 650	1 800	1 950
Municipal Systems Improvement								890	934	967
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		-	-	-	-	-	-	16 438	17 393	18 675
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	11 805	8 890	8 113
Municipal Infrastructure Grant (MIG)								10 805	8 890	8 113
Municipal Infrastructure Grant (MIG)								1 000		
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	11 805	8 890	8 113
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	28 243	26 283	26 788

Table 30 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC066 Karoo Hoogland - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								15 475	16 859	17 938
Conditions met - transferred to revenue		-	-	-	-	-	-	15 475	16 859	17 938
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	15 475	16 859	17 938
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year								7 500		
Current year receipts								15 381	15 006	1 620
Conditions met - transferred to revenue		-	-	-	-	-	-	22 881	15 006	1 620
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	22 881	15 006	1 620
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	38 356	31 865	19 558
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

1.14 COUNCILLOR AND EMPLOYEE BENEFITS

Table 31 MBRR SA22 - Summary of councillor and staff benefits

BEGROTING 2013 /14

NC066 Karoo Hoogland - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Councillors (Political Office Bearers plus Other)	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages			1 165					1 321	1 387	1 456
Pension and UIF Contributions								25	26	27
Medical Aid Contributions			330							
Motor Vehicle Allowance			76							
Cellphone Allowance										
Housing Allowances								337	353	371
Other benefits and allowances										
Sub Total - Councillors	4	-	1 571	-	-	-	-	1 683	1 767	1 855
% increase	4	-	-	(100.0%)	-	-	-	-	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages			2 422					3 803	4 063	4 327
Pension and UIF Contributions								85	91	97
Medical Aid Contributions										
Overtime										
Performance Bonus			241					317	339	361
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality	4	-	2 663	-	-	-	-	4 205	4 492	4 784
% increase	4	-	-	(100.0%)	-	-	-	-	6.8%	6.5%
Other Municipal Staff										
Basic Salaries and Wages			11 523							
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff	4	-	11 523	-	-	-	-	-	-	-
% increase	4	-	-	(100.0%)	-	-	-	-	-	-
Total Parent Municipality		-	15 757	-	-	-	-	5 887	6 259	6 639
		-	-	(100.0%)	-	-	-	-	6.3%	6.1%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities	4	-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities	4	-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities	4	-	-	-	-	-	-	-	-	-
% increase	4	-	-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		-	15 757	-	-	-	-	5 887	6 259	6 639
% increase	4	-	-	(100.0%)	-	-	-	-	6.3%	6.1%
TOTAL MANAGERS AND STAFF	5,7	-	14 186	-	-	-	-	4 205	4 492	4 784

Table 32 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

NC066 Karoo Hoogland - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		467 944	6 712	107 147			581 803
Chief Whip								-
Executive Mayor								-
Deputy Executive Mayor								-
Executive Committee								-
Total for all other councillors			853 122	18 159	229 416			1 100 697
Total Councillors	8	-	1 321 066	24 871	336 563			1 682 500
Senior Managers of the Municipality	5							
Municipal Manager (MM)			689 000	15 277		57 416		761 693
Chief Finance Officer			973 767	20 971		81 147		1 075 885
Head Corporate Services			973 767	20 971		81 147		1 075 885
Head Infrastructure			433 409	11 885		36 117		481 411
								-
								-
List of each official with packages >= senior manager								-
								-
Deputy CFO			732 563	16 147		61 047		809 757
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	3 802 506	85 251	-	316 874		4 204 631
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	5 123 572	110 122	336 563	316 874		5 887 131

Table 33 MBRR SA24 – Summary of personnel numbers

NC066 Karoo Hoogland - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		7		7	7		7	7		
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	3		3	3		3	4	2	1
Other Managers	7	4	4		4	4		4	4	
Professionals		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		6	1	5	6	1	–	6	1	2
Finance		5		5	5			5		2
Spatial/town planning										
Information Technology										
Roads										
Electricity		1	1		1	1		1	1	
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		12	12		12	12		12	12	1
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		6	6		6	6		6	6	
Elementary Occupations		71	71		68	68		74	74	
TOTAL PERSONNEL NUMBERS	9	109	94	15	106	91	10	113	99	4

1.15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 34 MBRR SA25 - Budgeted monthly revenue and expenditure

NC066 Karoo Hoogland - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates		200	374	1 602	374	374	374	374	374	374	374	273	273	5 340	5 822	6 288
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue		745	745	745	745	745	745	745	745	745	745	745	750	8 945	9 571	10 261
Service charges - water revenue		213	213	213	213	213	213	213	213	213	213	213	222	2 565	2 819	3 073
Service charges - sanitation revenue		176	176	176	176	176	176	176	176	176	176	176	181	2 117	2 326	2 536
Service charges - refuse revenue		136	136	136	136	136	136	136	136	136	136	136	147	1 643	1 805	1 950
Service charges - other														-	-	-
Rental of facilities and equipment														-	-	-
Interest earned - external investments														-	-	-
Interest earned - outstanding debtors														-	-	-
Dividends received														-	-	-
Fines														-	-	-
Licences and permits														-	-	-
Agency services														-	-	-
Transfers recognised - operational		5 780				5 780						5 779		17 339	19 714	21 141
Other revenue		146	146	146	146	146	146	146	146	146	146	146	146	1 746	1 867	2 003
Gains on disposal of PPE														-	-	-
Total Revenue (excluding capital transfers and contributions)		7 396	1 790	3 018	1 790	7 570	1 790	1 790	1 790	1 790	1 790	7 468	1 719	39 695	43 925	47 252
Expenditure By Type																
Employee related costs		1 749	1 749	1 749	1 749	1 749	3 082	1 991	1 749	1 749	1 749	1 749	1 628	22 441	24 012	25 741
Remuneration of councillors														-	-	-
Debt impairment														-	-	-
Depreciation & asset impairment														-	-	-
Finance charges														-	-	-
Bulk purchases		480	480	470	461	461	461	461	461	461	461	461	416	5 534	6 336	7 223
Other materials														-	-	-
Contracted services														-	-	-
Transfers and grants														-	-	-
Other expenditure		2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 216	26 537	27 403	27 944
Loss on disposal of PPE														-	-	-
Total Expenditure		4 440	4 440	4 430	4 421	4 421	5 754	4 663	4 421	4 421	4 421	4 421	4 260	54 512	57 750	60 908
Surplus/(Deficit)		2 956	(2 650)	(1 412)	(2 631)	3 149	(3 965)	(2 874)	(2 631)	(2 631)	(2 631)	3 047	(2 541)	(14 817)	(13 825)	(13 656)
Transfers recognised - capital														-	-	-
Contributions recognised - capital														-	-	-
Contributed assets														-	-	-
Surplus/(Deficit) after capital transfers & contributions		2 956	(2 650)	(1 412)	(2 631)	3 149	(3 965)	(2 874)	(2 631)	(2 631)	(2 631)	3 047	(2 541)	(14 817)	(13 825)	(13 656)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	2 956	(2 650)	(1 412)	(2 631)	3 149	(3 965)	(2 874)	(2 631)	(2 631)	(2 631)	3 047	(2 541)	(14 817)	(13 825)	(13 656)

Table 35 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC066 Karoo Hoogland - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description		Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote																	
Vote 1 - Council			540	540	540	540	540	540	540	540	540	540	540	540	6 485	7 350	7 787
Vote 2 - Finance			502	502	502	502	502	502	502	502	502	502	502	502	6 026	6 464	6 916
Vote 3 - Rates			473	473	473	473	473	473	473	473	473	473	473	473	5 681	6 187	6 679
Vote 4 - Administration			47	47	47	47	47	47	47	47	47	47	47	47	567	606	650
Vote 5 - Economic Development			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 6 - Libraries			76	76	76	76	76	76	76	76	76	76	76	76	909	973	1 043
Vote 7 - Commonage			40	40	40	40	40	40	40	40	40	40	40	40	475	508	545
Vote 8 - Townhall & Buildings			15	15	15	15	15	15	15	15	15	15	15	15	177	188	203
Vote 9 - Cemeteries			0	0	0	0	0	0	0	0	0	0	0	0	6	6	6
Vote 10 - Parks, Trees & recreation			2	2	2	2	2	2	2	2	2	2	2	2	28	29	32
Vote 11 - Health			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - Street & Public Works			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 13 - Electricity			897	897	897	897	897	897	897	897	897	897	897	897	10 765	11 663	12 620
Vote 14 - Water			441	441	441	441	441	441	441	441	441	441	441	441	5 286	5 982	6 473
Vote 15 - Refuse & Sanitation			673	673	673	673	673	673	673	673	673	673	673	673	8 078	9 091	9 788
Total Revenue by Vote			3 707	3 707	3 707	3 707	3 707	3 707	3 707	3 707	3 707	3 707	3 707	3 707	44 482	49 047	52 742
Expenditure by Vote to be appropriated																	
Vote 1 - Council			339	339	339	339	339	339	339	339	339	339	339	339	4 068	4 353	4 667
Vote 2 - Finance			879	879	879	879	879	879	879	879	879	879	879	879	10 552	11 307	12 107
Vote 3 - Rates			64	64	64	64	64	64	64	64	64	64	64	64	768	822	881
Vote 4 - Administration			447	447	447	447	447	447	447	447	447	447	447	447	5 367	5 743	6 157
Vote 5 - Economic Development			6	6	6	6	6	6	6	6	6	6	6	6	71	76	81
Vote 6 - Libraries			58	58	58	58	58	58	58	58	58	58	58	58	691	739	792
Vote 7 - Commonage			9	9	9	9	9	9	9	9	9	9	9	9	102	109	117
Vote 8 - Townhall & Buildings			4	4	4	4	4	4	4	4	4	4	4	4	52	56	60
Vote 9 - Cemeteries			2	2	2	2	2	2	2	2	2	2	2	2	25	26	28
Vote 10 - Parks, Trees & recreation			87	87	87	87	87	87	87	87	87	87	87	87	1 045	1 119	1 199
Vote 11 - Health			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vote 12 - Street & Public Works			163	163	163	163	163	163	163	163	163	163	163	163	1 951	2 088	2 238
Vote 13 - Electricity			795	795	795	795	795	795	795	795	795	795	795	795	9 538	10 579	11 769
Vote 14 - Water			325	325	325	325	325	325	325	325	325	325	325	325	3 898	4 171	4 471
Vote 15 - Refuse & Sanitation			523	523	523	523	523	523	523	523	523	523	523	523	6 281	6 721	7 205
Total Expenditure by Vote			3 701	3 701	3 701	3 701	3 701	3 701	3 701	3 701	3 701	3 701	3 701	3 701	44 410	47 909	51 772
Surplus/(Deficit) before assoc.			6	6	6	6	6	6	6	6	6	6	6	6	72	1 138	970
Taxation															—	—	—
Attributable to minorities															—	—	—
Share of surplus/ (deficit) of associate															—	—	—
Surplus/(Deficit)	1		6	6	6	6	6	6	6	6	6	6	6	6	72	1 138	970

Table 36 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC066 Karoo Hoogland - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue - Standard																
<i>Governance and administration</i>		1 558	1 558	1 558	1 558	1 558	1 558	1 558	1 558	1 558	1 558	1 558	1 558	18 699	20 607	22 032
Executive and council		1 014	1 014	1 014	1 014	1 014	1 014	1 014	1 014	1 014	1 014	1 014	1 014	12 166	13 536	14 466
Budget and treasury office		497	497	497	497	497	497	497	497	497	497	497	497	5 967	6 464	6 916
Corporate services		47	47	47	47	47	47	47	47	47	47	47	47	567	606	650
<i>Community and public safety</i>		133	133	133	133	133	133	133	133	133	133	133	133	1 594	1 704	1 828
Community and social services		131	131	131	131	131	131	131	131	131	131	131	131	1 567	1 675	1 797
Sport and recreation		2	2	2	2	2	2	2	2	2	2	2	2	28	29	32
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development														-	-	-
Road transport														-	-	-
Environmental protection														-	-	-
<i>Trading services</i>		2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	2 011	24 129	26 735	28 881
Electricity		897	897	897	897	897	897	897	897	897	897	897	897	10 765	11 663	12 620
Water		441	441	441	441	441	441	441	441	441	441	441	441	5 286	5 982	6 473
Waste water management		673	673	673	673	673	673	673	673	673	673	673	673	8 078	9 091	9 788
Waste management		-	-											-	-	-
<i>Other</i>														-	-	-
Total Revenue - Standard		3 702	3 702	3 702	3 702	3 702	3 702	3 702	3 702	3 702	3 702	3 702	3 702	44 422	49 047	52 742
Expenditure - Standard																
<i>Governance and administration</i>		1 721	1 721	1 721	1 721	1 721	1 721	1 721	1 721	1 721	1 721	1 721	1 721	20 655	22 191	23 775
Executive and council		403	403	403	403	403	403	403	403	403	403	403	403	4 836	5 175	5 548
Budget and treasury office		874	874	874	874	874	874	874	874	874	874	874	874	10 492	11 307	12 107
Corporate services		444	444	444	444	444	444	444	444	444	444	444	444	5 326	5 710	6 121
<i>Community and public safety</i>		160	160	160	160	160	160	160	160	160	160	160	160	1 915	2 049	2 196
Community and social services		72	72	72	72	72	72	72	72	72	72	72	72	869	930	997
Sport and recreation		87	87	87	87	87	87	87	87	87	87	87	87	1 045	1 119	1 199
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1	1	1	1	1	1	1	1	1	1	1	72	81	109	117
Planning and development													71	71	76	81
Road transport														-	-	-
Environmental protection		1	1	1	1	1	1	1	1	1	1	1	1	10	33	36
<i>Trading services</i>		1 808	1 808	1 808	1 808	1 808	1 808	1 808	1 808	1 808	1 808	1 808	1 808	21 700	23 352	25 203
Electricity		795	795	795	795	795	795	795	795	795	795	795	795	9 538	10 372	11 289
Water		325	325	325	325	325	325	325	325	325	325	325	325	3 898	4 171	4 471
Waste water management		689	689	689	689	689	689	689	689	689	689	689	689	8 264	8 809	9 443
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>														-	-	-
Total Expenditure - Standard		3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 690	3 761	44 351	47 701	51 292
Surplus/(Deficit) before assoc.		12	12	12	12	12	12	12	12	12	12	12	(59)	72	1 346	1 450
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	12	12	12	12	12	12	12	12	12	12	12	(59)	72	1 346	1 450

Table 37 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC066 Karoo Hoogland - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - Raad Algemeen													-	-	-	-
Vote 2 - Finansiële dienste													-	-	-	-
Vote 3 - Belasting													-	-	-	-
Vote 4 - Administratiewe Dienste													-	-	-	-
Vote 5 - Openbare Biblioteek													-	-	-	-
Vote 6 - Meent													-	-	-	-
Vote 7 - Stadsaal en Geboue													-	-	-	-
Vote 8 - Begraafplaas													-	-	-	-
Vote 9 - Parke, Tuine en Ontspanning													-	-	-	-
Vote 10 - Strate en Stormwater													-	-	-	-
Vote 11 - Siviël Elektrotegnies													-	-	-	-
Vote 12 - Straatligte													-	-	-	-
Vote 13 - Elektriesiteit		1 000	500	500	500	500	500	500					-	4 000	3 000	3 500
Vote 14 - Water		3 770	1 257	1 257	1 257	934	467	467	467	467	473	467	98	11 381	12 006	12 700
Vote 15 - Sanitasie													-	-	-	-
Capital multi-year expenditure sub-total	2	4 770	1 757	1 757	1 757	1 434	967	967	467	467	473	467	98	15 381	15 006	16 200
Single-year expenditure to be appropriated																
Vote 1 - Raad Algemeen													-	-	-	-
Vote 2 - Finansiële dienste													-	-	-	-
Vote 3 - Belasting													-	-	-	-
Vote 4 - Administratiewe Dienste													-	-	-	-
Vote 5 - Openbare Biblioteek													-	-	-	-
Vote 6 - Meent													-	-	-	-
Vote 7 - Stadsaal en Geboue													-	-	-	-
Vote 8 - Begraafplaas													-	-	-	-
Vote 9 - Parke, Tuine en Ontspanning													-	-	-	-
Vote 10 - Strate en Stormwater													-	-	-	-
Vote 11 - Siviël Elektrotegnies													-	-	-	-
Vote 12 - Straatligte													-	-	-	-
Vote 13 - Elektriesiteit													-	-	-	-
Vote 14 - Water													-	-	-	-
Vote 15 - Sanitasie													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	4 770	1 757	1 757	1 757	1 434	967	967	467	467	473	467	98	15 381	15 006	16 200

Table 38 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC066 Karoo Hoogland - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council														-	-	-
Budget and treasury office														-	-	-
Corporate services														-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development														-	-	-
Road transport														-	-	-
Environmental protection														-	-	-
Trading services		4 770	1 757	1 757	1 757	1 434	967	967	467	467	473	467	98	15 381	15 006	16 200
Electricity		1 000	500	500	500	500	500	500						-	4 000	3 500
Water		3 770	1 257	1 257	1 257	934	467	467	467	467	473	467	98	11 381	12 006	12 700
Waste water management														-	-	-
Waste management														-	-	-
Other														-	-	-
Total Capital Expenditure - Standard	2	4 770	1 757	1 757	1 757	1 434	967	967	467	467	473	467	98	15 381	15 006	16 200

Table 39 MBRR SA30 - Budgeted monthly cash flow

NC066 Karoo Hoogland - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source																
Property rates		200	374	1 602	374	374	374	374	374	374	374	273	273	5 340	5 822	6 288
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue		745	745	745	745	745	745	745	745	745	745	745	750	8 945	9 571	10 261
Service charges - water revenue		213	213	213	213	213	213	213	213	213	213	213	222	2 565	2 819	3 073
Service charges - sanitation revenue		176	176	176	176	176	176	176	176	176	176	176	181	2 117	2 326	2 536
Service charges - refuse revenue		136	136	136	136	136	136	136	136	136	136	136	147	1 643	1 805	1 950
Service charges - other														-	-	-
Rental of facilities and equipment														-	-	-
Interest earned - external investments														-	-	-
Interest earned - outstanding debtors														-	-	-
Dividends received														-	-	-
Fines														-	-	-
Licences and permits														-	-	-
Agency services														-	-	-
Transfers recognised - operational		5 780				5 780						5 779		17 339	19 714	21 141
Other revenue		146	146	146	146	146	146	146	146	146	146	146	146	1 746	1 867	2 003
Gains on disposal of PPE														-	-	-
Total Revenue (excluding capital transfers and contributions)		7 396	1 790	3 018	1 790	7 570	1 790	1 790	1 790	1 790	1 790	7 468	1 719	39 695	43 925	47 252
Expenditure By Type																
Employee related costs		1 749	1 749	1 749	1 749	1 749	3 082	1 991	1 749	1 749	1 749	1 749	1 628	22 441	24 012	25 741
Remuneration of councillors														-	-	-
Debt impairment														-	-	-
Depreciation & asset impairment														-	-	-
Finance charges														-	-	-
Bulk purchases		480	480	470	461	461	461	461	461	461	461	461	416	5 534	6 336	7 223
Other materials														-	-	-
Contracted services														-	-	-
Transfers and grants														-	-	-
Other expenditure		2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 211	2 216	26 537	27 403	27 944
Loss on disposal of PPE														-	-	-
Total Expenditure		4 440	4 440	4 430	4 421	4 421	5 754	4 663	4 421	4 421	4 421	4 421	4 260	54 512	57 750	60 908
Surplus/(Deficit)		2 956	(2 650)	(1 412)	(2 631)	3 149	(3 965)	(2 874)	(2 631)	(2 631)	(2 631)	3 047	(2 541)	(14 817)	(13 825)	(13 656)
Transfers recognised - capital														-	-	-
Contributions recognised - capital														-	-	-
Contributed assets														-	-	-
Surplus/(Deficit) after capital transfers & contributions		2 956	(2 650)	(1 412)	(2 631)	3 149	(3 965)	(2 874)	(2 631)	(2 631)	(2 631)	3 047	(2 541)	(14 817)	(13 825)	(13 656)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	2 956	(2 650)	(1 412)	(2 631)	3 149	(3 965)	(2 874)	(2 631)	(2 631)	(2 631)	3 047	(2 541)	(14 817)	(13 825)	(13 656)

1.16 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the KHM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.18 CAPITAL EXPENDITURE DETAILS

The following three tables present details of the KHM's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

NC066 Karoo Hoogland - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	-	11 883	-	-	15 381	15 006	16 200
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	2 500	-	-	4 000	3 000	3 500
Generation										
Transmission & Reticulation					2 500			4 000	3 000	3 500
Street Lighting										
Infrastructure - Water		-	-	-	9 383	-	-	11 381	12 006	12 700
Dams & Reservoirs										
Water purification										
Reticulation					9 383			11 381	12 006	12 700
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on new assets	1	-	-	-	11 883	-	-	15 381	15 006	16 200
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

Table 41 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC066 Karoo Hoogland - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure			-	-	-	11 883	-	11 883	15 381	15 006	16 200
Infrastructure - Road transport						-	-	-	-	-	-
Roads, Pavements & Bridges											
Storm water											
Infrastructure - Electricity			-	-	-	2 500	-	2 500	4 000	3 000	3 500
Generation											
Transmission & Reticulation						2 500		2 500	4 000	3 000	3 500
Street Lighting											
Infrastructure - Water			-	-	-	9 383	-	9 383	11 381	12 006	12 700
Dams & Reservoirs											
Water purification											
Reticulation						9 383		9 383	11 381	12 006	12 700
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation											
Sewerage purification											
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Waste Management											
Transportation		2									
Gas											
Other		3									
Community			-	-	-	-	-	-	-	-	-
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics		7									
Museums & Art Galleries											
Cemeteries											
Social rental housing		8									
Other											
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other		9									
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			-	-	-	-	-	-	-	-	-
General vehicles											
Specialised vehicles		10	-			-	-	-	-	-	-
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
Agricultural assets			-			-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-		-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
Total Capital Expenditure on renewal of existing		1	-	-	-	11 883	-	11 883	15 381	15 006	16 200
Specialised vehicles											
Refuse			-	-	-	-	-	-	-	-	-
Fire											
Conservancy											
Ambulances											
Renewal of Existing Assets as % of total capex			0.0%	0.0%	0.0%	50.0%	0.0%	100.0%	50.0%	50.0%	50.0%
Renewal of Existing Assets as % of deprecn"			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 42 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC066 Karoo Hoogland - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			-	-	-	-	-	-	1 500	1 605	1 721
Infrastructure - Road transport			-	-	-	-	-	-	450	482	516
Roads, Pavements & Bridges											
Storm water									450	482	516
Infrastructure - Electricity			-	-	-	-	-	-	500	535	574
Generation											
Transmission & Reticulation									500	535	574
Street Lighting											
Infrastructure - Water			-	-	-	-	-	-	200	214	229
Dams & Reservoirs											
Water purification											
Reticulation									200	214	229
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation											
Sewerage purification											
Infrastructure - Other			-	-	-	-	-	-	350	375	401
Waste Management									350	375	401
Transportation	2										
Gas											
Other	3										
Community			-	-	-	-	-	-	500	535	574
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls									500	535	574
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses	7										
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing	8										
Other											
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings											
Other	9										
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			-	-	-	-	-	-	1 383	1 480	840
General vehicles									680	728	558
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment											
Computers - hardware/equipment									246	263	282
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other									457	489	
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1		-	-	-	-	-	-	3 383	3 620	3 134
Specialised vehicles			-	-	-	-	-	-	-	-	-
Refuse											
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as % Operating Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.7%	9.2%	8.3%

Table 43 MBRR SA35 - Future financial implications of the capital budget

NC066 Karoo Hoogland - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
Capital expenditure	1							
Vote 1 - Raad Algemeen		-	-	-				
Vote 2 - Finansiële dienste		-	-	-				
Vote 3 - Belasting		-	-	-				
Vote 4 - Administratiewe Dienste		-	-	-				
Vote 5 - Openbare Biblioteek		-	-	-				
Vote 6 - Meent		-	-	-				
Vote 7 - Stadsaal en Geboue		-	-	-				
Vote 8 - Begraafplaas		-	-	-				
Vote 9 - Parke, Tuine en Ontspanning		-	-	-				
Vote 10 - Strate en Stormwater		-	-	-				
Vote 11 - Siviël Elektrotegnies		-	-	-				
Vote 12 - Straatligte		-	-	-				
Vote 13 - Elektriesiteit		4 000	3 000	3 500				
Vote 14 - Water		11 381	12 006	12 700				
Vote 15 - Sanitasie		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		15 381	15 006	16 200	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Raad Algemeen								
Vote 2 - Finansiële dienste								
Vote 3 - Belasting								
Vote 4 - Administratiewe Dienste								
Vote 5 - Openbare Biblioteek								
Vote 6 - Meent								
Vote 7 - Stadsaal en Geboue								
Vote 8 - Begraafplaas								
Vote 9 - Parke, Tuine en Ontspanning								
Vote 10 - Strate en Stormwater								
Vote 11 - Siviël Elektrotegnies								
Vote 12 - Straatligte								
Vote 13 - Elektriesiteit								
Vote 14 - Water								
Vote 15 - Sanitasie								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		15 381	15 006	16 200	-	-	-	-

Table 44 MBRR SA36 - Detailed capital budget per municipal vote

NC066 Karoo Hoogland - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project		Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4	Audited Outcome 2011/12									Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal	
Parent municipality:																	
List all capital projects grouped by Municipal Vote																	
High Mast lighting													3 300				
Oxidation Dam													7 505				
Stormwater													600				
Pavilion													300				
Vehicle testing													100				
Parent Capital expenditure	1												11 805	-	-		
Entities:																	
List all capital projects grouped by Entity																	
Entity A																	
Water project A																	
Entity B																	
Electricity project B																	
Entity Capital expenditure											-	-	-	-	-		
Total Capital expenditure											-	-	11 805	-	-		

Table 45 MBRR SA37 - Projects delayed from previous financial year

All projects are multi year projects and no delays were experienced.

1.19 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis although sometimes late. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The KHM is participating in the Municipal Financial Management Internship programme and has employed two interns undergoing training in various divisions of the Financial Services Department. There are 3 vacancies currently.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA but has been unstaffed for last 3 years
4. Audit Committee
An Audit Committee has been established and was fully functional but has not met since January 2012.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2013 / 2014 MTREF in June 2014 directly aligned and informed by the 2013 / 2014 MTREF.
6. Annual Report
Annual report was not compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
No training has been done on MFMA due to limited resources.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

1.20 OTHER SUPPORTING DOCUMENTS

Table 46 MBRR Table SA1 - Supporting detail to budgeted financial performance

NC066 Karoo Hoogland - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Council of the City of Johannesburg - Supporting Table 3A1 Supporting detail to Budgeted Financial Performance										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
REVENUE ITEMS:										
Property rates	6									
Total Property Rates		6 571	3 103				12 540	11 060 000	12 055 400	13 019 832
less Revenue Foregone							6 924	5 719 699	6 233 280	6 731 433
Net Property Rates		6 571	3 103				5 617	5 340	5 822	6 288
Service charges - electricity revenue	6									
Total Service charges - electricity revenue		4 105	5 713				7 284 817	9 094 755	9 731 387	10 432 047
less Revenue Foregone							139 684	149 462	159 924	171 439
Net Service charges - electricity revenue		4 105	5 713				7 145	8 945	9 571	10 261
Service charges - water revenue	6									
Total Service charges - water revenue		1 681	2 286				2 547 052	3 150 000	3 461 850	3 773 417
less Revenue Foregone							541 476	584 794	642 699	700 531
Net Service charges - water revenue		1 681	2 286				2 006	2 565	2 819	3 073
Service charges - sanitation revenue	6									
Total Service charges - sanitation revenue		2 618	1 627				2 680 169	3 050 000	3 351 950	3 653 626
less Revenue Foregone							864 243	933 382	1 025 787	1 118 108
Net Service charges - sanitation revenue		2 618	1 627				1 816	2 117	2 326	2 536
Service charges - refuse revenue	6									
Total refuse removal revenue							2 221 669	2 550 000	2 802 450	3 026 646
Total landfill revenue										
less Revenue Foregone							839 997	907 197	997 010	1 076 770
Net Service charges - refuse revenue							1 382	1 643	1 805	1 950
Other Revenue by source	3									
Grants	1	240	519							
Interest Recieved : Late accounts			330				644 340	675 000	722 250	774 252
Interest Recieved : other			109							
Fines			2							
Motor Vehicle Reg			140				248 300	261 000	279 270	299 377
Licence and permits			589				160 880	160 200	169 274	183 462
Other income			185							
Property Rates penalties										
Rental							458 101	650 000	695 850	745 951
Total 'Other' Revenue	3									
	1	240	1 873				1 512	1 746	1 867	2 003
EXPENDITURE ITEMS:										
Employee related costs	2	11 490	15 972				17 089 075	18 962 219	20 289 574	21 750 423
Basic Salaries and Wages							943 123	1 004 053	1 074 337	1 151 689
Pension and UIF Contributions							20 433	290 689	311 037	333 432
Medical Aid Contributions							218 024	222 200	237 754	254 872
Overtime							1 565 789	1 448 149	1 549 520	1 661 085
Performance Bonus										
Motor Vehicle Allowance							93 569	94 248	100 845	108 106
Cellphone Allowance							0	8 234	8 810	9 445
Housing Allowances							546 159	411 053	439 827	471 495
Other benefits and allowances							12 716	0	0	0
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations							242 353	0	0	0
sub-total	4						20 731	22 441	24 012	25 741
Less: Employees costs capitalised to PPE	5	11 490	15 972				20 731	22 441	24 012	25 741
Total Employee related costs	1	11 490	15 972				20 731	22 441	24 012	25 741
Contributions recognised - capital										
List contributions by contract			7 850							
Total Contributions recognised - capital			7 850							
Depreciation & asset impairment										
Depreciation of Property, Plant & Equipment		779	13 586							
Lease amortisation										
Capital asset impairment										
Depreciation resulting from revaluation of PPE	10									
Total Depreciation & asset impairment	1	779	13 586							
Bulk purchases										
Electricity Bulk Purchases		2 903	3 837				4 714 836	5 534 083	6 336 087	7 223 139
Water Bulk Purchases										
Total bulk purchases	1	2 903	3 837				4 715	5 534	6 336	7 223
Transfers and grants										
Cash transfers and grants										
Non-cash transfers and grants										
Total transfers and grants	1									
Contracted services										
List services provided by contract										
sub-total	1									
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services										
Other Expenditure By Type										
Collection costs								2 095	2 246	2 408
Contributions to 'other' provisions								1 550	1 659	1 778
Consultant fees										
Audit fees										
General expenses	3	4 316								
Congresses and membership								400	428	459
Stationary								203	217	233
Telephone								250	268	287
Fuel								510	546	585
Travelling Cost								215	209	224
Software Licenses								170	182	195
Municipal Services Accounts								715	777	833
Interest Paid										
Ward committee cost										
Insurance								233	249	267
Legal Fees								150	161	172
Sundry Expenditure								958	3 763	4 034
Advertisement			3 478							
Training										
Cell Phones										
Admin Cost								4 727	5 058	5 422
Waste Water Quality (MSIG)								15	16	18
LED Programmes										
Indigent Subsidy										
Income Foregone								2 540	2 734	2 917
Transfers & Grants - Operational								11 805	8 890	8 113
Transfers & Grants - Capital										
Total 'Other' Expenditure	1	4 316	3 478				26 537	27 403	27 944	
Repairs and Maintenance										
Employee related costs	8							1 538	1 633	1 751
Other materials										
Contracted Services								105		
Total Repairs and Maintenance Expenditure	9							1 643	1 633	1 751

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Table 47 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

NC066 Karoo Hoogland - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Council	Vote 2 - Finance	Vote 3 - Rates	Vote 4 - Administrati on	Vote 5 - Economic Development	Vote 6 - Libraries	Vote 7 - Commonage	Vote 8 - Townhall & Buildings	Vote 9 - Cemetaries	Vote 10 - Parks, Trees & recreation	Vote 11 - Health	Vote 12 - Street & Public Works	Vote 13 - Electricity	Vote 14 - Water	Vote 15 - Refuse & Sanitation	Total
R thousand	1																
Revenue By Source																	
Property rates				5 340													5 340
Property rates - penalties & collection charges				275													275
Service charges - electricity revenue														8 945			8 945
Service charges - water revenue															2 565		2 565
Service charges - sanitation revenue																3 758	3 758
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment		25	2					475	177		8			1			688
Interest earned - external investments			35														35
Interest earned - outstanding debtors			400														400
Dividends received																	-
Fines																	-
Licences and permits		0	0	6	4												11
Agency services		2	261														263
Other revenue		2	37				909			6	20					3	976
Transfers recognised - operational		5 043	2 540											1 818	2 721	4 316	16 438
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		5 072	3 275	5 621	4	-	909	475	177	6	28	-	-	10 765	5 286	8 077	39 695
Expenditure By Type																	
Employee related costs		159	6 853		5 042		666				951		1 588	748	1 509	3 108	20 623
Remuneration of councillors		1 818															1 818
Debt impairment				568										895	257	376	2 095
Depreciation & asset impairment																	-
Finance charges																	-
Bulk purchases														5 534			5 534
Other materials																	-
Contracted services																	-
Transfers and grants			2 540														2 540
Other expenditure		2 090	1 100	200	284	71	25	102	52	25	95	10	394	1 040	430	1 095	7 013
Loss on disposal of PPE																	-
Total Expenditure		4 068	10 492	768	5 326	71	691	102	52	25	1 045	10	1 982	8 217	2 195	4 579	39 623
Surplus/(Deficit)		1 004	(7 217)	4 853	(5 322)	(71)	218	373	125	(19)	(1 018)	(10)	(1 982)	2 548	3 091	3 498	72
Transfers recognised - capital																	-
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		1 004	(7 217)	4 853	(5 322)	(71)	218	373	125	(19)	(1 018)	(10)	(1 982)	2 548	3 091	3 498	72

Table 48 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC066 Karoo Hoogland - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

NC000 Karoo Hoogland - Supporting Table SAs Supporting detail to Budgeted Financial Position							2013/14 Medium Term Revenue & Expenditure Framework			
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			Budget Year	Budget Year	Budget Year
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2013/14	+1 2014/15	+2 2015/16
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days										
Other current investments > 90 days										
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-
Consumer debtors										
Consumer debtors		3 679	13 719		17 966			17 966	20 210	17 966
Less: Provision for debt impairment			(9 208)		(11 338)			(13 434)	(15 676)	(11 338)
Total Consumer debtors	2	3 679	4 511	-	6 628	-	-	4 533	4 534	6 628
Debt impairment provision										
Balance at the beginning of the year			8 080		10 273			11 338	13 434	15 676
Contributions to the provision			894		1 065			2 095	2 242	2 404
Bad debts written off			235							
Balance at end of year		-	9 208	-	11 338	-	-	13 434	15 676	18 080
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)		43 868	339 630		347 209			347 209	347 209	347 209
Leases recognised as PPE										
Less: Accumulated depreciation	3		157 346		184 519			184 519	184 519	184 519
Total Property, plant and equipment (PPE)	2	43 868	182 284	-	162 690	-	-	162 690	162 690	162 690
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities		225	142		142			142	142	142
Total Current liabilities - Borrowing		225	142	-	142	-	-	142	142	142
Trade and other payables										
Trade and other creditors		8 513	5 238		5 238			5 238	5 238	5 238
Unspent conditional transfers			7 564		7 564			7 564	7 564	7 564
VAT			1		1			1	1	1
Total Trade and other payables	2	8 513	12 803	-	12 803	-	-	12 803	12 803	12 803
Non current liabilities - Borrowing										
Borrowing	4	2 494	3 330		2 961			2 961	2 961	2 961
Finance leases (including PPP asset element)										
Total Non current liabilities - Borrowing		2 494	3 330	-	2 961	-	-	2 961	2 961	2 961
Provisions - non-current										
Retirement benefits			3 336		3 336			3 336	3 336	3 336
List other major provision items										
Refuse landfill site rehabilitation										
Other		3 150								
Total Provisions - non-current		3 150	3 336	-	3 336	-	-	3 336	3 336	3 336
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance			34 756		188 252		188 252	182 282		
GRAP adjustments			142 389							
Restated balance		-	177 145	-	188 252	-	188 252	182 282	-	-
Surplus/(Deficit)		6 520	15 194	-	-	-	(5 970)	(14 817)	(13 825)	(13 656)
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
Accumulated Surplus/(Deficit)	1	6 520	192 339	-	188 252	-	182 282	167 465	(13 825)	(13 656)
Reserves										
Housing Development Fund										
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
Total Reserves	2	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	6 520	192 339	-	188 252	-	182 282	167 465	(13 825)	(13 656)

Table 49 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC066 Karoo Hoogland - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population												
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200										4	4	5
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household demographics (000)												
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics	3											
Formal												
Informal												
Total number of households												
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												
Economic	6											
Inflation/inflation outlook (CPI)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

Table 50 MBRR SA32 – List of external mechanisms

No external mechanisms exist

1.21 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, municipal manager of Karoo Hoogland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Karoo Hoogland Municipality (NC066)

Signature _____

Date _____